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nrCS

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Sent: Tuesday, October 05, 2004 10:09 AM
To: FarmBillRules
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Subject: MN State Agency Comments on the Conservation Security Program

Attachments: Minnesota Comments on CSP Interim Final Rule PDF.pdf



Minnesota
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Attached is an electronic copy of a letter sent jointly by four Minnesota state agencies, commenting on the Conservation Security Program (CSP) interim final rule. The attachment is a PDF file of the signed original, which should arrive at USDA headquarters today.

Thank you for the opportunity to comment on the interim final rule. Please contact me if you have any questions about the transmittal of this letter.

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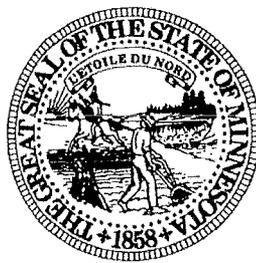
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Minnesota Department
of Agriculture

Minnesota Department
of Natural Resources



Minnesota Pollution
Control Agency

Minnesota Board of
Water and Soil Resources

October 4, 2004

via mail and e-mail: FarmBillRules@usda.gov

Financial Assistance Programs Division
USDA Natural Resources Conservation Service
P.O. Box 2890
Washington, D.C. 20013

Attn: Conservation Security Program

We are writing to comment on the Conservation Security Program (CSP) interim final rule. As a leading agricultural state, Minnesota has an important stake in CSP. We view it as an innovative program that promises to offer agricultural producers meaningful financial incentives and rewards for environmental stewardship on working farms. Our comments reflect the perspectives of the Minnesota Department of Agriculture, the Minnesota Department of Natural Resources, the Minnesota Pollution Control Agency, and the Minnesota Board of Water and Soil Resources.

We commend NRCS for conducting a successful federal fiscal year (FY) 2004 pilot signup. Much can be learned from the pilot about what it will take to make CSP effective. As the results of the signup are still being analyzed, we appreciate NRCS's recent decision to extend the deadline for comments on the interim final rule by 15 days. We understand that CSP presents unprecedented rule-making challenges due to its innovative and comprehensive nature, and hope there will be opportunities to amend the final rule as needed over the next several years to fix potential flaws that may become apparent as more producers and more types of farms participate.

Below are the aspects of the interim final rule we believe are most important at this juncture.

- **Priority Watersheds.** *CSP should be available to all producers nationwide every year, as intended by the law; the "priority watershed" approach to implementation should be abandoned.* We agree that watersheds provide an excellent geographic basis for focused conservation efforts with measurable results related to surface water quality and erosion by water. However, we believe that goal can be accomplished by other means, including CSP enhancement payments for subwatershed projects involving multiple farms, Conservation Partnership Initiative grants, and coordination of other locally led projects. Furthermore, watershed boundaries may be irrelevant in places where groundwater quality concerns or wildlife habitat and biodiversity issues rival or prevail over surface water quality issues.

If the watershed approach to CSP implementation continues, then NRCS should select the watersheds well in advance and post a schedule as soon as possible that states which watersheds have been selected to participate in each of the next several years.

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- **FY04 Pilot Program Watersheds.** *The watersheds selected to participate in the FY04 pilot signup deserve another chance to participate in CSP in the next year or two, alongside the additional watersheds to be selected.* Many producers invested time in CSP information meetings and attempted the self-assessment process only to become frustrated with unanticipated restrictions (see below), an extremely short signup period, and a large paperwork burden, all with little advance notice.
- **Minimum Eligibility Requirements.** We agree that CSP must set high conservation standards, but believe NRCS has set the bar too high by requiring producers to have already met all soil and water resource quality criteria standards *before* enrolling. We believe the pre-condition requirement as defined in the interim final rule should be eliminated or changed: *CSP should promote high environmental standards by requiring producers to achieve those standards by the end of the second year of the contract, or by requiring one of the standards (either soil quality or water quality, but not both) to be met upon enrollment while allowing the other to be met within the first two years of the contract.*
- **Signup Periods.** *The opportunity to enroll in CSP should be ongoing year-round, or at least five months long, especially considering the time producers need to assemble management records in the application process. A longer, ideally year-round signup would also facilitate state and local efforts to promote CSP in coordination with other conservation program promotion efforts and reduce the need for intensive special coordination of NRCS staffing, extra office hours, and the like, to fit short CSP time frames.*
- **Enhancement Payments.** Enhancement payments hold the key to realizing CSP's promise of meaningful financial rewards. We commend NRCS for developing a list of specific agricultural management activities eligible for enhancement payments in the 2004 signup. *Eligibility for enhancement payments should be expanded, however, to include a fuller range of practices and activities. Adding cover crops and resource-conserving crop rotations to the list of eligible soil management enhancements is especially important in Minnesota, as our emerging new statewide Clean Water Vision attempts to improve the quality of our sizeable water resources while maintaining soil productivity for agriculture. Adding resource conserving crop rotations to the list is also important relative to partnerships among several agencies in Minnesota, including Minnesota NRCS, to support organic agriculture. Finally, relative again to our statewide Clean Water Vision, we feel it is important to add on-farm research, demonstration, effectiveness monitoring, economic evaluation, and participation in collaborative multiple-farm projects to the list of activities eligible for enhancement payments.*
- **Energy Incentives.** We commend NRCS for including forward-looking energy conservation and renewable energy production enhancement payments in the 2004 signup. However, we question whether CSP is the right program to provide incentives for those types of renewable energy production that are not land-based and already qualify for federal incentives such as tax credits and grant funding.
- **Contract Payments.** *The per-acre cap on overall contract payments should be eliminated.* CSP already includes payment caps by law. This additional new cap disadvantages smaller operations and those with lower rental rates regardless of their conservation effort. We heard from producers who looked forward to enhancing their stewardship efforts with the help of CSP, only to cap out quickly with a minimal conservation effort.

- **Conservation Practices.** CSP was intended to be available to all types of working farms. Limiting the set of practices eligible for cost-share runs counter to that intention as well as to the NRCS goal of encouraging progressive conservation planning. *If CSP is to be an agent of change, then all NRCS-approved practices should be eligible for CSP cost-share* (except animal waste transport and storage, as stated in the law), provided a given practice is appropriate to meet standards or enhance performance for designated resource concerns in a site-specific conservation plan.
- **Self-Assessment Workbook and Application Process** We believe NRCS is on track in developing the CSP Self-Assessment Workbook, and are committed to promoting CSP readiness by helping producers complete the self-assessment process. An important observation is that NRCS and those of us who helped promote the 2004 CSP signup may have significantly underestimated the amount of time and assistance many producers needed to complete the application process.

We appreciate that the workbook attempts to strike a balance between simplicity and detail—that is, if it were any longer or any more detailed, some might think it too complicated. However, while some producers told us they felt the workbook provided a good initial indication of eligibility, other producers felt it was of little value because the questions were not specific enough. Either way, we are concerned that the way the questions are asked may give some producers the impression they probably do not qualify when they actually do, or vice versa. This might be addressed by asking more specific questions that directly relate to the eligibility requirements—for example, a set of questions about the specific types of records actually required to be eligible, instead of general multi-part questions such as “Do you keep written records or documentation of your nutrient management activities for each field, such as yields, soil analysis, plant tissue analysis, and nutrients applied?”

Some producers reported that the basis on which they did or did not qualify was unclear to them. We suspect this was due to the pilot nature of the 2004 signup and the compressed schedule NRCS staff had to adhere to. We hope the program will provide the time and resources necessary to communicate specific reasons for qualification or disqualification to each applicant in the future, to make the process more transparent.

In addition to the above feedback, we think the CSP self-assessment process could be improved by encouraging the development of state-specific workbooks and correlating the self-assessment process with Environmental Quality Assurance self-assessments that commodity groups and others have developed.

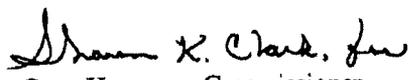
We look forward to CSP evolving into the nationwide, comprehensive program described in the 2002 farm bill—open to all types of producers, in all watersheds, on an ongoing basis. Only then might CSP provide a non-regulatory avenue to reach national and state water quality and other conservation goals, as well as a WTO-compliant safety net for producers—a vision we hope to realize in Minnesota.

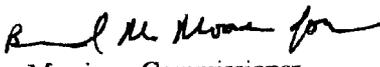
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CSP Comments, October 4, 2004, p. 4

Thank you for the opportunity to comment on the CSP interim final rule. If you have any questions about our comments, please feel free to contact any of the following agency staff: Perry Aasness, Assistant Commissioner, Minnesota Department of Agriculture, (651) 296-4435; Wayne Anderson, Agricultural Policy Director, Minnesota Pollution Control Agency, (651) 296-7323; Wayne Edgerton, Agricultural Policy Director, Minnesota Department of Natural Resources, (651) 297-8341; or Doug Thomas, Assistant Director, Minnesota Board of Water and Soil Resources, (651) 297-5617.

Sincerely,


Gene Hugoson, Commissioner
Minnesota Department of Agriculture


Gene Merriam, Commissioner
Minnesota Department of Natural Resources


Sheryl Corrigan, Commissioner
Minnesota Pollution Control Agency


Ron Harnack, Executive Director
Minnesota Board of Water and Soil Resources

GH: MDA ARMDD: bw

cc: Minnesota Governor Tim Pawlenty
NRCS State Conservationist Bill Hunt and Assistant State Conservationist Paul Flynn
U.S. Senators Norm Coleman and Mark Dayton
U.S. Representatives Gil Gutknecht, Mark Kennedy, John Kline, Betty McCollum,
James Oberstar, Collin Peterson, Jim Ramstad, and Martin Olav Sabo